

**REPORT OF THE AUDIT OF THE  
SHELBY COUNTY  
SHERIFF**

**For The Year Ended  
December 31, 2001**



**EDWARD B. HATCHETT, JR.  
AUDITOR OF PUBLIC ACCOUNTS  
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## **EXECUTIVE SUMMARY**

### **AUDIT EXAMINATION OF THE SHELBY COUNTY SHERIFF**

**For The Year Ended  
December 31, 2001**

The Auditor of Public Accounts has completed the Shelby County Sheriff's audit for calendar year 2001. We have issued an unqualified opinion on the financial statement taken as a whole. Based upon the audit work performed, the financial statement is presented fairly in all material respects.

#### **Financial Condition:**

Fee account balances increased by \$113,426 from the prior calendar year, resulting in a cash surplus of \$155,217 as of December 31, 2001. Revenues increased by \$72,964 from the prior year and disbursements increased by \$186,390.

#### **Deposits:**

The Sheriff's deposits were insured and collateralized by bank securities or bonds.



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EDWARD B. HATCHETT, JR.  
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky  
Honorable Paul E. Patton, Governor  
T. Kevin Flanery, Secretary  
Finance and Administration Cabinet  
Dana Mayton, Secretary, Revenue Cabinet  
Honorable Bobby Stratton, Shelby County Judge/Executive  
Honorable Harold E. Tingle, Shelby County Sheriff  
Members of the Shelby County Fiscal Court

Independent Auditor's Report

We have audited the accompanying statement of receipts, disbursements, and excess fees of the County Sheriff of Shelby County, Kentucky, for the year ended December 31, 2001. This financial statement is the responsibility of the County Sheriff. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for County Fee Officials issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the County Sheriff's office prepares the financial statement on a prescribed basis of accounting that demonstrates compliance with the modified cash basis and laws of Kentucky, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the receipts, disbursements, and excess fees of the County Sheriff for the year ended December 31, 2001, in conformity with the modified cash basis of accounting.

To the People of Kentucky  
Honorable Paul E. Patton, Governor  
T. Kevin Flanery, Secretary  
Finance and Administration Cabinet  
Dana Mayton, Secretary, Revenue Cabinet  
Honorable Bobby Stratton, County Judge/Executive  
Honorable Harold E. Tingle, Shelby County Sheriff  
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In accordance with Government Auditing Standards, we have also issued our report dated August 15, 2002, on our consideration of the County Sheriff's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a stylized flourish at the end.

Edward B. Hatchett, Jr.  
Auditor of Public Accounts

Audit fieldwork completed -  
August 15, 2002



SHELBY COUNTY  
HAROLD E. TINGLE, SHERIFF  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES

Calendar Year 2001

Receipts

State Grants		\$	5,031
State Fees For Services:			
Finance and Administration Cabinet	\$	12,827	
Cabinet For Human Resources		<u>17,336</u>	30,163
Circuit Court Clerk:			
Sheriff Security Service	\$	25,652	
Fines and Fees Collected		2,470	
Court Ordered Payments		<u>2,120</u>	30,242
Fiscal Court			13,950
County Clerk - Delinquent Taxes			4,482
Commission On Taxes Collected			441,590
Fees Collected For Services:			
Auto Inspections	\$	15,095	
Accident and Police Reports		1,798	
Serving Papers		27,130	
Carrying Concealed Deadly Weapon Permits		<u>10,890</u>	54,913
Other:			
MIW	\$	2,439	
Sheriff Penalty		47,729	
Advertising Fees		2,553	
Miscellaneous		<u>1,730</u>	54,451
Interest Earned			35,355
Borrowed Money:			
State Advancement			<u>156,003</u>
Total Receipts		\$	<u>826,180</u>

SHELBY COUNTY  
HAROLD E. TINGLE, SHERIFF  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES  
Calendar Year 2001  
(Continued)

Disbursements

Operating Disbursements and Capital Outlay:

Personnel Services-	
Deputies' Salaries	\$ 139,801
Part-Time Salaries	171
Employee Benefits-	
Employer's Share Social Security	15,099
Employer Paid Health Insurance	19,400
Contracted Services-	
Advertising	7,830
Vehicle Maintenance and Repairs	12,322
Materials and Supplies-	
Office Materials and Supplies	4,590
Uniforms	7,576
Law Enforcement Supplies	5,219
Auto Expense-	
Gasoline	27,407
Vehicle Expense	17,069
Transporting Prisoners	12,244
Other Charges-	
Conventions and Travel	1,042
Dues	1,619
Postage	5,104
Monthly Court Fees	13,950
Training	830
Telephone	5,335
Computer Expense	6,669
Carrying Concealed Deadly Weapon Permits	7,650
Miscellaneous	1,947

SHELBY COUNTY  
HAROLD E. TINGLE, SHERIFF  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES  
Calendar Year 2001  
(Continued)

Disbursements (Continued)

Operating Disbursements and Capital Outlay: (Continued)

Capital Outlay-

Equipment Grant	\$	5,031
Vehicles		87,640

Debt Service:

State Advancement	156,003
Vehicle Payments	<u>43,730</u>

Total Disbursements		<u>\$</u>	<u>605,278</u>
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Net Receipts		<u>\$</u>	<u>220,902</u>
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Less: Statutory Maximum			<u>65,685</u>
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Excess Fees Due County for Calendar Year 2001		<u>\$</u>	<u>155,217</u>
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Payments to County Treasurer- March 4, 2002	\$	87,032	
July 19, 2002		<u>68,185</u>	<u>155,217</u>

Balance Due at Completion of Audit		<u><u>\$</u></u>	<u><u>0</u></u>
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The accompanying notes are an integral part of the financial statement.

SHELBY COUNTY  
NOTES TO FINANCIAL STATEMENT

December 31, 2001

Note 1. Summary of Significant Accounting Policies

A. Fund Accounting

A fee official uses a fund to report on the results of operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fee official uses a fund for fees to account for activities for which the government desires periodic determination of the excess of receipts over disbursements to facilitate management control, accountability, and compliance with laws.

B. Basis of Accounting

The financial statement has been prepared on a modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under this basis of accounting, certain receipts and certain expenditures are recognized as a result of accrual at December 31, 2001.

The measurement focus of a fee official is upon excess fees. Remittance of excess fees is due to the County Treasurer in the subsequent year.

C. Cash and Investments

At the direction of the fiscal court, KRS 66.480 authorizes the County Sheriff's office to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

Note 2. Employee Retirement System

The county officials and employees have elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a multiple-employer public retirement system that covers all eligible full-time employees. Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5.0 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 7.17 percent for the first six months of the year and the 6.41 for the last six months of the year. Hazardous covered employees are required to contribute 8.0 percent of their salary to the plan. The county's contribution rate for hazardous employees was 16.78 percent for the first six months and 16.28 percent for the last six months of the calendar year.

SHELBY COUNTY  
NOTES TO FINANCIAL STATEMENT  
December 31, 2001  
(Continued)

Note 2. Employee Retirement System (Continued)

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65. Aspects of benefits for hazardous employees include retirement after 20 years of service or age 55.

Historical trend information pertaining to CERS' progress in accumulating sufficient assets to pay benefits when due is present in the Kentucky Retirement Systems' annual financial report which is a matter of public record.

Note 3. Deposits

The Sheriff maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 66.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the Sheriff and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, and (c) an official record of the depository institution. These requirements were met, and as of December 31, 2001, the Sheriff's deposits were fully insured or collateralized at a 100% level with collateral of either pledged securities held by the Sheriff's agent in the Sheriff's name, or provided surety bond which named the Sheriff as beneficiary/obligee on the bond.

Note 4. DARE Account

The Sheriff has a DARE account, which had receipts of \$180 and disbursements of \$321 during 2001. The balance of the DARE account as of December 31, 2001, was \$2,642.

Note 5. Federal and State Grant Account

The Sheriff has an account for federal and state grants, which had receipts of \$17,133 and disbursements of \$5030 during 2001. The balance of the Grant account as of December 31, 2001, was \$12,102.

Note 6. Forfeiture Accounts

A. Confiscated Drug Fund

The Sheriff uses a Confiscated Drug Fund to account for funds seized in drug and other criminal cases, which the court system or other law enforcement agencies have turned over to the Sheriff. The account had receipts of \$745 and disbursements of \$1,500 during 2001. The balance of the Confiscated Drug Fund as of December 31, 2001, was \$8,687.

SHELBY COUNTY  
NOTES TO FINANCIAL STATEMENT  
December 31, 2001  
(Continued)

Note 6. Forfeiture Accounts (Continued)

B. Federal Drug Money Fund

The Sheriff uses a Federal Drug Money Fund to account for funds or property seized in drug cases and shared with the DEA, FBI, and any other federal sources. The account had receipts of \$9,292 and disbursements of \$11,254 during 2001. The balance of the Federal Drug Money Fund as of December 31, 2001, was \$9,487.

Note 7. Tax Escrow Accounts

A. 2000 Tax Account

The 2000 tax escrow account earned \$14,862 in interest in calendar year 2001. The ending balance as of December 31, 2001 was \$963.

B. 1999 Tax Account

The 1999 tax escrow account earned \$41 in interest in calendar year 2001 and refunds of \$1,499. The ending balance as of December 31, 2001 was \$2,189.

C. 1998 Tax Account

The 1998 tax escrow account earned \$16 in interest in calendar year 2001. The ending balance as of December 31, 2001 was \$1,246.

D. 1997 Tax Account

The 1997 tax escrow account earned \$291 in interest in calendar year 2001. The ending balance as of December 31, 2001 was \$23,284.

E. 1996 Tax Account

The 1996 tax escrow account earned \$33 in interest in calendar year 2001. The ending balance as of December 31, 2001 was \$2,647.

F. 1995 Tax Account

The 1995 tax escrow account earned \$36 in interest in calendar year 2001. The ending balance as of December 31, 2001 was \$2,879.

REPORT ON COMPLIANCE  
AND ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING BASED ON AN AUDIT OF THE FINANCIAL STATEMENT  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS







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Report On Compliance And On Internal Control  
Over Financial Reporting Based On An Audit Of The Financial  
Statement Performed In Accordance With Government Auditing Standards

We have audited the statement of receipts, disbursements, and excess fees of the Shelby County Sheriff for the year ended December 31, 2001, and have issued our report thereon dated August 15, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Shelby County Sheriff's financial statement for the year ended December 31, 2001, is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Shelby County Sheriff's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses.

Report On Compliance And On Internal Control  
Over Financial Reporting Based On An Audit Of The Financial  
Statement Performed In Accordance With Government Auditing Standards  
(Continued)

Internal Control Over Financial Reporting (Continued)

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of management and is not intended to be and should not be used by anyone other than the specified party.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a stylized flourish at the end.

Edward B. Hatchett, Jr.  
Auditor of Public Accounts

Audit fieldwork completed -  
August 15, 2002

